

Message Text

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TOSEC 199

E.O. 11652: N/A

TAGS: OVIP (KISSINGER, HENRY A.)

SUBJECT: ACTION MEMORANDUM: IMPLEMENTATION OF
ADMINISTRATION'S PROPOSALS FOR A NEW OFFICE AND INTERAGENCY
BOARD DEALING WITH FOREIGN INVESTMENTS IN THE U.S.

(S/S NO.7504865)

FOR THE SECRETARY FROM ROBINSON

1. THE ADMINISTRATION MUST NOW MOVE PROMPTLY TO ESTABLISH
THE OFFICE AND INTERAGENCY BODY WHICH WERE INCLUDED AS
PART OF ITS PROPOSALS TO IMPROVE THE IMPLEMENTATION OF ITS
POLICY ON FOREIGN INVESTMENT IN THE UNITED STATES. I HAVE
CALLED JACK BENNETT TO EXPRESS OUR CONCERN OVER UNILATERAL
MOVES BY TREASURY TO HAVE THESE GROUPS REPORT TO EPB. I
UNDERSTAND THAT THIS REPORTING PROCEDURE WAS CONSIDERED
IN AN EPB MEETING ON MONDAY, MARCH 3.

2. I BELIEVE THE FUNCTION OF THE NEW OFFICE SHOULD BE
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QUITE NARROWLY DEFINED TO INCLUDE THE GATHERING, CONSOLIDA-

TION, AND DISCLOSURE OF INFORMATION ON INVESTMENT, WHILE EXCLUDING POLICY QUESTIONS. THE INTERAGENCY BOARD WOULD REVIEW AND MAKE RECOMMENDATIONS REGARDING THE RELATIVELY SMALL NUMBER OF CASES THAT WE WOULD EXPECT TO ARISE AS A RESULT OF ADVANCE CONSULTATIONS ON MAJOR INVESTMENTS BY THE OPEC COUNTRIES.

3. IN HIS TESTIMONY BEFORE THE WILLIAMS SUBCOMMITTEE,

JACK BENNETT INDICATED THAT THE INTERAGENCY COMMITTEE WOULD REPORT TO THE ECONOMIC POLICY BOARD (EPB). I BELIEVE THAT IN VIEW OF THE FACT THAT POLITICAL ISSUES AND NATIONAL SECURITY QUESTIONS WILL BE PARAMOUNT CONSIDERATIONS IN OUR DETERMINATIONS ON THESE PROPOSED INVESTMENTS, THE INTERAGENCY INVESTMENT BODY SHOULD REPORT THROUGH THE NSC TO THE PRESIDENT. SUCH AN ARRANGEMENT WOULD ASSURE THAT STATE'S INTERESTS WERE PROTECTED AND WOULD MAKE TREASURY CHAIRMANSHIP OF THE INTERAGENCY GROUP--MORE ACCEPTABLE.

4. WITH REGARD TO THE OFFICE, EITHER TREASURY OR COMMERCE WOULD BE APPROPRIATE LOCATIONS. COMMERCE HAS NOT, HOWEVER, SHOWN ANY INTEREST IN UNDERTAKING THIS CHORE, WHILE TREASURY HAS. THE INTERAGENCY BODY COULD BE SET UP IN EITHER OF TWO WAYS: (A) AT THE UNDER SECRETARY LEVEL REPORTING TO EITHER THE EPB OR THE NSC; AND (B) AT THE CABINET LEVEL REPORTING DIRECTLY TO THE PRESIDENT.

5. I RECOMMEND THAT YOU SUPPORT:

(A) AN OFFICE FOR GATHERING, CONSOLIDATING AND REPORTING INFORMATION ON INVESTMENTS TO BE LOCATED IN TREASURY.

APPROVE DISAPPROVE

(B) AN INTERAGENCY BODY AT THE UNDER SECRETARY LEVEL, CHAIRED BY TREASURY, FOR MAKING POLICY RECOMMENDATIONS ON INWARD INVESTMENT ISSUES TO THE NSC.

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